

## **TITLE 16. DIVISION 1. CALIFORNIA BOARD OF ACCOUNTANCY**

NOTICE IS HEREBY GIVEN that the California Board of Accountancy (CBA) is proposing to take the action described in the Informative Digest. Any person interested may present statements or arguments orally or in writing relevant to the action proposed at a hearing to be held at the Westin San Diego, 400 West Broadway, San Diego, CA, 92101, at 9:00 a.m., on January 25, 2013. Written comments, including those sent by mail, facsimile, or e-mail to the addresses listed under Contact Person in this Notice, must be received by the CBA at its office not later than 5:00 p.m. on January 14, 2013, or must be received by the CBA at the hearing. The CBA, upon its own motion or at the instance of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal will be available for 15 days prior to its adoption from the person designated in this Notice as contact person and will be mailed to those persons who submit written or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

Authority and Reference: Pursuant to the authority vested by Sections 5010 and 5134 of the Business and Professions (B&P) Code, and to implement, interpret or make specific Sections 122, 163, 5096, and 5134 of said Code, the CBA is considering changes to Division 1 of Title 16 of the California Code of Regulations as follows:

### **INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

Existing law, Business and Professions Code Section 5134, authorizes the CBA to charge various fees including fees for application for the certified public accountant examination and reexamination; an application fee for issuance of a certified public accountant certificate; an application fee for registration as a partnership or corporation; and for the biennial renewal fee. This proposal would reduce these fees temporarily and require the CBA to conduct a review of its costs when determining the appropriate level of renewal fees to maintain an approximate three months worth of expenditures in reserve.

Senate Bill (SB) 80 (ch. 11 of Stats. of 2011) removed a requirement that the Accountancy Fund maintain a balance equal to approximately nine months of annual expenditures in reserve. The CBA currently has a 14 month reserve which it believes to be too high in keeping with the law. The CBA is proposing to reduce its reserve to approximately three months of annual expenditures over the course of its licensees' two year renewal cycle.

The regulatory proposal is as follows:

### **1. Amend Section 70 in Title 16 of the California Code of Regulations.**

This proposal would reduce the following fees for a period of two years from July 1, 2014 to June 30, 2016:

- the application fee for the computer-based Uniform Certified Public Accountant Examination for issuance of the Authorization to Test to first-time applicants is reduced from \$100 to \$50;
- the application fee for the computer-based Uniform Certified Public Accountant Examination for issuance of the Authorization to Test to repeat applicants is

- reduced from \$50 to \$25;
- the application fee for issuance of a Certified Public Accountant certificate is reduced from \$250 to \$50; and,
- the application fee for registration as a partnership or as a corporation, including registering under a new name, is reduced from \$150 to \$30.

This proposal will reduce the following fees, which are already reduced from the original \$200 to \$120, for a minimum of two years from July 1, 2014 to June 30, 2016:

- the fee for the initial permit to practice as a partnership, corporation, or certified public accountant is reduced from \$120 to \$50; and,
- the fee for renewal of a permit to practice as a partnership, corporation, or certified public accountant is reduced from \$120 to \$50.

These fees are reduced for a period of two years, at which time, the fees will return to prior levels unless, by May 31, 2015, the CBA determines that a fee level lower than \$200 is necessary to maintain approximately three months in reserve.

#### Anticipated Benefits of the Proposal:

SB 80 (ch. 11, Stats. of 2011) removed a requirement from Section 5134 of the B&P Code that the Accountancy Fund maintain a balance equal to approximately nine months of annual expenditures in reserve. The CBA currently has a 14 month reserve which it believes to be too high in keeping with the law. The CBA is proposing to reduce its reserve to approximately three months of annual expenditures over the course of its licensees' two year renewal cycle.

The CBA is reducing its reserve by lowering various fees for its applicants and licensees. The applicants and licensees will benefit from paying lower fees as this will lower their costs.

The fees in subsections (a), (b), and (c) are temporary reductions meant to give students and those pursuing licensure a financial break during difficult economic times and ease their entry into the profession.

#### Consistency and Compatibility with Existing State Regulations

The CBA has evaluated this regulatory proposal and it is neither inconsistent nor incompatible with existing state regulations.

#### INCORPORATION BY REFERENCE

None

#### FISCAL IMPACT ESTIMATES

##### Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies

or Costs/Savings in Federal Funding to the State:

The CBA's revenues will decrease by approximately \$5.1 million dollars annually for Fiscal Year (FY) 2014-15 and FY 2015-16. The CBA has sufficient reserves to cover this loss in revenue without adversely affecting any of its operations.

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact:

The CBA has made an initial determination that the proposed regulatory action would have no significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states.

**AND**

The following studies/relevant data were relied upon in making the above determination:

No businesses or individuals will incur any additional costs as a result of this proposal. This proposal, temporarily reducing fees, will save money for businesses and individuals. While this proposal may also raise fees after two years, it would only raise them to their prior levels, thus incurring no additional costs.

The table below details the total estimated savings of the affected population over the lifetime of the proposal.

<b>Fiscal Year</b>	<b>Impacted Examination Fee Totals</b>	<b>Impacted Licensing Application/Firm Registration Fee Totals</b>	<b>Impacted Renewal Fee Totals</b>	<b>Total</b>
2013-14	\$1,643,200	\$964,800	\$5,992,100	\$8,600,100
2014-15	\$821,600	\$219,970	\$2,488,849	\$3,530,419
Total Annual Decrease	\$821,600	\$744,830	\$3,503,251	\$5,069,681

The total savings realized by licensees and prospective licensees is projected to be \$5,069,681 annually or \$10,139,362 over the two year lifetime of the temporary fee reduction.

#### Cost Impact on Representative Private Person or Business:

This proposal would reduce the following fees for a period of two years from July 1, 2014 to June 30, 2016:

- the application fee for the computer-based Uniform Certified Public Accountant Examination for issuance of the Authorization to Test to first-time applicants is reduced from \$100 to \$50;
- the application fee for the computer-based Uniform Certified Public Accountant Examination for issuance of the Authorization to Test to repeat applicants is reduced from \$50 to \$25;
- the application fee for issuance of a Certified Public Accountant certificate is reduced from \$250 to \$50; and,
- the application fee for registration as a partnership or as a corporation, including registering under a new name, is reduced from \$150 to \$30.

This proposal will reduce the following fees, which are already reduced from the original \$200 to \$120, for a minimum of two years from July 1, 2014 to June 30, 2016:

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- the fee for renewal of a permit to practice as a partnership, corporation, or certified public accountant is reduced from \$120 to \$50.

These fees are reduced for a period of two years, at which time, the fees will return to prior levels unless, by May 31, 2015, the CBA determines that a fee level lower than \$200 is necessary to maintain approximately three months in reserve.

Effect on Housing Costs: None

#### EFFECT ON SMALL BUSINESS

The CBA has determined that the proposed regulations may affect small businesses.

#### RESULTS OF ECONOMIC IMPACT ASSESSMENT/ANALYSIS:

##### Impact on Jobs/Businesses:

The CBA has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California. This determination was made because the proposed changes, which reduce fees by an amount projected just over \$5 million annually spread among approximately 90,000 licensees, are not sufficient to create or eliminate jobs or businesses.

##### Benefits of Regulation:

The CBA has determined that this regulatory proposal will have the following benefits to the health and welfare of California residents, worker safety, and state's environment:

The benefits of this proposal would be approximately \$5 million annually spread among approximately 90,000 licensees.

This regulatory proposal does not affect worker safety because it has nothing to do with worker safety.

This regulatory proposal does not affect the state's environment because it has nothing to do with the environment.

### CONSIDERATION OF ALTERNATIVES

The CBA must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposal described in this Notice, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may present statements or arguments orally or in writing relevant to the above determinations at the above-mentioned hearing.

### INITIAL STATEMENT OF REASONS AND INFORMATION

The CBA has prepared an initial statement of the reasons for the proposed action and has available all the information upon which the proposal is based.

### TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained at the hearing or prior to the hearing upon request from the CBA at 2000 Evergreen St., Ste. 250, Sacramento, California, 95815.

### AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the final statement of reasons once it has been prepared, by making a written request to the contact person named below or by accessing the website listed below.

### CONTACT PERSON

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name:	Matthew Stanley
Address:	2000 Evergreen St., Ste. 250 Sacramento, CA 95815
Telephone No.:	916-561-1792
Fax No.:	916-263-3678
E-Mail Address:	mstanley@cba.ca.gov

The backup contact person is:

Name:	Andrew Breece
Address:	2000 Evergreen St., Ste. 250 Sacramento, CA 95815
Telephone No.:	916-561-1782
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E-Mail Address:	Andrew.breece@cba.ca.gov

Website Access: Materials regarding this proposal can be found at [http://www.dca.ca.gov/cba/laws\\_and\\_rules/pubpart.shtml](http://www.dca.ca.gov/cba/laws_and_rules/pubpart.shtml).